

# Third Street Light Rail Phase 2 – Central Subway

## San Francisco, California

### Final Design

(Based upon information received by FTA in November 2010)

Summary Description	
<b>Proposed Project:</b>	Light Rail Transit 1.7 Miles, 4 Stations
<b>Total Capital Cost (\$YOE):</b>	\$1,578.30 Million
<b>Section 5309 New Starts Share (\$YOE):</b>	\$942.20 Million (59.7%)
<b>Annual Forecast Year Operating Cost:</b>	\$15.21 Million
<b>Ridership Forecast (2030):</b>	35,100 Average Weekday Boardings 5,000 Daily New Riders
<b>Opening Year Ridership Forecast (2016):</b>	24,900 Average Weekday Boardings
<b>Overall Project Rating:</b>	Medium-High
<b>Project Justification Rating:</b>	Medium-High
<b>Local Financial Commitment Rating:</b>	Medium

**Project Description:** The San Francisco Municipal Transportation Agency (SFMTA) and the San Francisco County Transportation Authority are planning the Central Subway project, an extension of the Third Street light rail transit (LRT) line from its terminus at Fourth and King Streets. From a portal south of Market Street, the alignment would descend below grade and extend northward under Fourth Street and Stockton Street into Chinatown in the San Francisco central business district (CBD). One surface station and three underground stations would be constructed along the project alignment. Four light rail vehicles would be purchased to augment the existing fleet. When completed, the combined Third Street LRT / Central Subway project would provide a continuous seven-mile light rail route connecting the heavily transit-dependent communities of Bayshore in the south with Chinatown in the north.

**Project Purpose:** The Financial District, Union Square, and Chinatown have a very high level of existing transit service. Bus routes that serve the project corridor operate on two-minute headways during peak hours and typically carry passenger loads that are at or above capacity. Currently, commuter rail passengers from the south must board these crowded buses operating on congested roadways or walk over a mile from the CalTrain Station to reach the CBD. LRT passengers from the south may choose to continue on LRT to access downtown, but the alignment along the Embarcadero is circuitous. The Central Subway project is intended to provide a direct rapid transit link between these areas. Implementation of the Central Subway project is further expected to help carry large crowds attending events at convention and professional sports venues in the South of Market area.

**Project Development History, Status and Next Steps:** FTA approved the Central Subway project into preliminary engineering in July 2002. Since then, SFMTA modified the project alignment and examined alternative tunneling scenarios. A Draft Environmental Impact Statement (EIS) on the Central Subway project was issued in September 2007, and a Final EIS in September 2008. FTA issued the Record of Decision for the project in November 2008. FTA approved the Central Subway project into final design in January 2010. SFMTA is completing final design and working with local stakeholders to commit all of the non-Federal funding needed for the project. SFMTA anticipates receiving a Full Funding Grant Agreement in the fall of 2011.

## Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
<b>Federal:</b>		
Section 5309 New Starts	\$942.20	59.7%
FHWA Flexible Funds (CMAQ)	\$6.03	0.4%
<b>State:</b>		
Proposition 1A State High-Speed Rail Funds	\$27.09	1.7%
Proposition 1B State Infrastructure Bond Funds	\$240.00	15.2%
Transportation Congestion Relief Program	\$14.00	0.9%
Regional Transportation Improvement Program	\$88.00	5.6%
<b>Local:</b>		
Proposition 1B State Infrastructure Bond Funds/Proposition K Sales Tax Funds	\$123.98	7.9%
SFMTA Operating and Parking Revenues	\$137.01	8.7%
<b>Total:</b>	<b>\$1,578.30</b>	<b>100.0%</b>

**NOTE:** The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**CA San Francisco, Third Street Light Rail Phase 2 - Central Subway**  
**FY2012 Financial Assessment Summary prepared November 2010**

<b>Factor</b>	<b>Rating</b>	<b>Comments</b>
<b>Local Financial Commitment Rating</b>	<b>Medium</b>	
<b>Non-Section 5309 New Starts Share (20% of summary financial rating)</b>	<b>Medium-High</b>	Division H of the Consolidated Appropriations Act, 2005, permits SFMTA to use non-New Starts funds expended for the Third Street LRT project as match to the Central Subway. Therefore, the rating assigned reflects the legislative language which lowers the New Starts share to 42.7 percent of the total costs of the combined Third Street/Central Subway project (\$2,220.6 million).
<b>Project Capital Financial Plan (50% of summary financial rating)</b>	<b>Medium</b>	
Capital Condition (25% of capital plan rating)	Medium	<p>The average age of the San Francisco Municipal Railway's (MUNI's) vehicle fleet is 6.8 years for bus, 10.7 years for trolleys and 10.2 years for LRVs, which is in-line with the industry average.</p> <p>The City has not issued bonds on behalf of the San Francisco Municipal Transportation Agency (SFMTA) within the past two years. However, the City had ratings of Aa3 (Moody's), AA (Standard &amp; Poor's) and AA- (Fitch) on the most recent prior bonds issued on SFMTA's behalf.</p>
Commitment of Funds (25% of capital plan rating)	Medium	Approximately 65 percent of the non-Section 5309 New Starts funds are committed or budgeted. Sources of funds include: FHWA Congestion Mitigation and Air Quality funds, annual legislative appropriations from the state, Regional Transportation Improvement Program (RTIP) funds, Traffic Congestion Relief (TCRP) funds, Proposition 1B Bond funds, Proposition 1A High-Speed Rail funds, Proposition K sales taxes, and SFMTA operating and parking revenues.
Capital Cost Estimates, Assumptions and Financial Capacity (50% of capital plan rating)	Medium-Low	<p>Growth rates for New Starts revenues, Section 5307 formula funds, and Section 5309 Bus/ Alternative Fuels are assumed to be higher than historical growth rates.</p> <p>The capital cost estimate is considered reasonable.</p> <p>SFMTA needs to develop a plan to cover cost increases or funding shortfalls equal to at least 10 percent of estimated project costs.</p>
<b>Project Operating Financial Plan (30% of summary financial rating)</b>	<b>Medium</b>	
Operating Condition (25% of operating plan rating)	Medium-Low	SFMTA's current ratio of assets to liabilities as reported in the most recent audited financial statement is 1.50. SFMTA has historically maintained balanced budgets but has made significant service cuts to balance the operating budgets in recent years.

Commitment of Funds (25% of operating plan rating)	Medium-High	More than 75 percent of operating funding is committed or budgeted. The main revenue sources are passenger revenues, parking tax revenues, General Fund revenues, state transit assistance funds, state sales taxes, and gas sales taxes.
O&M Cost Estimates, Assumptions, and Financial Capacity (50% of operating plan rating)	Medium-Low	<p>Assumed growth in operating expenses is optimistic compared to historical experience. Assumed growth in sales tax revenues is consistent with historical experience.</p> <p>The financial plan shows projected cash balances and reserve accounts representing at least three months of budgeted operating and maintenance costs for 12 of the 20 years in the cash flow projection.</p>

# Third Street Light Rail Phase 2 – Central Subway

## San Francisco, California

### Final Design

(Land Use and Economic Development Rating based upon Information accepted by FTA in November 2008)

#### ***LAND USE RATING: High***

The land use rating reflects the population and employment densities within ½-mile of proposed station areas.

- Population density within ½-mile of the station areas is approximately 53,700 people per square mile in the corridor and total employment in project station areas is approximately 217,600 jobs.
- The San Francisco CBD is the densest and most transit accessible downtown on the west coast. Union Square is the primary retail district in the city with dense pedestrian and transit-oriented development. Chinatown has extremely dense concentrations of residential units, retail, and some office and small-scale industrial uses.
- Available parking in the corridor is generally on-street, with some off-street parking for commuters and city-owned parking garages for commuters and shoppers. The daily cost to park in city-owned lots in the corridor is high, ranging from \$20 to \$30 per day.

#### ***ECONOMIC DEVELOPMENT RATING: High***

##### **Transit-Supportive Plans and Policies: Medium-High**

(50 percent of Economic Development Rating)

- While the San Francisco Bay region has a number of physical and topographical constraints to growth, it does not have a unified or enforceable growth management policy.
- San Francisco's General Plan has long encouraged higher-density and transit-oriented development. Additional planning initiatives are underway to focus higher-intensity growth in transit corridors. Zoning changes are being considered that would require residential community-oriented retail development near transit nodes.
- San Francisco's zoning regulations are intended to maintain a medium to high-density profile and scale, with a mixture of land uses in many areas. There are no minimum parking requirements or off-street parking provisions in the CBD and other employment areas.
- The City of San Francisco Redevelopment Agency employs a number of special tools to help implement land use policies contained in the city's General Plan such as tax increment financing, special land acquisition rules, and special land assembly abilities.
- San Francisco's existing land use pattern includes the densest development along its major transportation corridors. The objective of the City Planning Department and directing codes and ordinances is to reinforce this pattern of development along corridors that have high transit capacity such as the Central Subway corridor. Thus, land use planning in the Central Subway corridor is focused more on the corridor and neighborhood level than around individual stations.

##### **Performance and Impacts of Policies: High**

(50 percent of Economic Development Rating)

- The existing high-density development and pedestrian accessibility in the City of San Francisco demonstrates the strength of city policies and market forces at achieving transit-oriented intensities and urban design. The number of jobs in the San Francisco CBD has doubled since the 1970's with no increase in the volume of traffic entering the area..
- The South of Market area, within the New Central Subway corridor, is expected to experience strong growth over the next two decades, with high density residential, high-tech office, and a variety of retail uses continuing to fill in sites formerly occupied by industrial uses.

# Central Subway LRT

San Francisco, California

